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NATURAL RESOURCES

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116
(801) 533-5771

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March 15, 1979

Mr. Clyde L. Cheney
President
Sapphire Corporation
1884 Harrison Avenue
Salt Lake City, Utah 84108

RE: Bond Estimate
Spectrum Quarry Mine
ACT/027/003
Millard County, Utah

Dear Mr. Cheney:

Please find enclosed a copy of the bond estimate for reclamation of the Spectrum Quarry Mine.

You will note that the disturbed area to be stabilized amounts to 37 acres. This figure includes approximately 30 acres for the access road, camp, and pit areas, etc., and 7 acres for the airstrip. These figures were verified by using a planimeter on the map which you submitted. Also, a 5 year mine life was used instead of a 15 year mine life in order to keep the 5% inflation factor and resulting dollar amount to a minimum. Using a 5% inflation factor for 15 years would have increased the total bond estimate almost two and one-half times. Using this approach, the Division would reevaluate your mining operation every 5 years and make any necessary adjustments to the bond, depending upon the amount of mining activity and what you may have accomplished as far as reclaiming areas no longer needed in your operation.

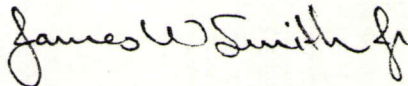
Mr. Clyde L. Cheney
March 15, 1979
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If the bond estimate is acceptable to you please advise the Division as to the type of surety you would prefer. Copies of the different forms of surety were supplied to you during one of your previous visits.

An Executive Summary of your mining and reclamation plan, including the Bond Estimate, form of surety, and your request to commence mining prior to publication for public comment, posting the surety, and issuance of final approval, will be presented to the Board for their consideration at this month's meeting.

If you have any questions concerning the above, please don't hesitate to call.

Sincerely,

A handwritten signature in cursive script that reads "James W. Smith Jr".

JAMES W. SMITH, JR.
RECLAMATION SOILS SPECIALIST

JWS/te

Enclosure: Bond Estimate

DIVISION OF OIL, GAS, AND MINING

BOND ESTIMATE

OPERATOR: Sapphire Corporation
 MINE NAME: Spectrum Quarry Mine
 LOCATION: Section 23, Township 17 South, Range 13 West
 COUNTY: Millard
 DATE: March 14, 1979

	Operation	Amount	Rate	Cost
A.	CLEAN-UP			
	1. Removal of structures & equipment.	Lump sum	\$1,000.00	\$1,000.00
	2. Removal of trash & debris.	Included		
	3. Leveling of ancillary facilities pads and access roads.	Included		
B.	REGRADEING & RECONTOURING			
	1. Earthwork including haulage and grading of spoils, waste and overburden.	40 hours	\$85/hr	\$3,400.00
	2. Recontouring of highwalls and excavations.	Included		
	3. Spreading of soil or surficial materials.	Included		
C.	STABILIZATION			
	1. Soil preparation, scarification, fertilization, etc.	37 acre	\$25/acre	\$925.00
	2. Seeding or planting.	37 acre	\$150/acre	\$5,500.00
	3. Construction of terraces, waterbars, etc.	Included in B above.		
D.	LABOR			
	1. Supervision.	40 hours	\$10/hour	\$400.00
	2. Labor exclusive of bulldozer time.	Included		
E.	SAFETY			
	1. Erection of fences, portal coverings, etc.			
	2. Removal or neutralization of explosive or hazardous materials.	Lump sum	\$100.00	\$100.00
F.	MONITORING			
	1. Continuing or periodic monitoring, sampling & testing deemed necessary.	3 annual inspections	\$50/each	\$150.00
G.	OTHER			
	Subtotal			\$11,525.00
	5% inflation for 5 year life*		1.2763	\$ 3,184.00
	Total			\$14,709.00